

## HCL Technologies Limited

### FINANCIAL RESULTS UPDATE

Quarter ended 30th September, 2004

# ***HCL Technologies records strong 39% YoY growth in revenues; EBITDA jumps 84.9%***

#### YoY Highlights

- Revenues register 39% growth
- EBITDA up 84.9%
- Net Income grows by 70%
- Interim dividend of 200% of face value per share announced

#### Sequential Highlights

- Revenue up 6% QoQ
- EBITDA grows 6% sequentially
- BPO registers 10.2% QoQ growth in topline; EBITDA margin expansion of 440 bps
- Manpower ramps up to 18,474 from 16,358 last quarter; new quarterly record of 2,116 net addition

Consolidated under US GAAP (Figures in USD)

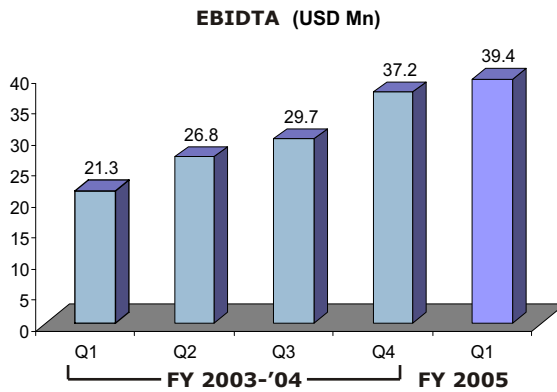
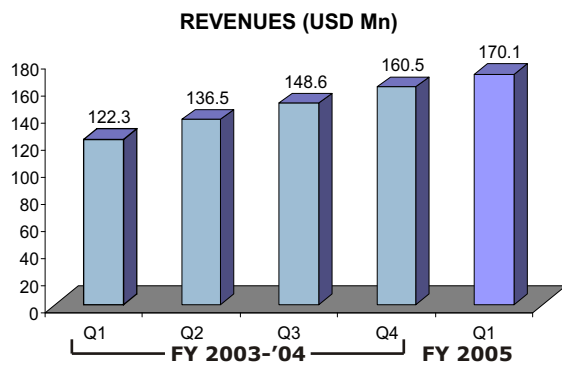
26th October 2004

[www.hcltech.com](http://www.hcltech.com)

## Key Highlights

### Q1 FY 2005 Financial Highlights

- Revenues at USD 170.1 million, up by 39% YoY
- EBITDA up by 84.9% YoY
- Consolidated net income at USD 35.2 million
- Days sale outstanding at 67 days
- Interim dividend of 200% of face value of each share declared.



### Q1 FY 2005 Business Highlights

- Total clients at 477, including 65 Fortune 500 clients & 110 clients with a run rate of more than \$1mn
- 16 new clients added during this quarter, including 9 Fortune 500 organisations
- Net addition of 2,116 employees of which 1,582 were added in the software services business and 406 in BPO



**SHIV NADAR**  
**Chairman & CEO**  
**HCL Technologies Ltd.**  
**Founder, HCL Group**

"We have had a satisfactory quarter, as we continue to execute on the larger game plan of building a strong and well diversified portfolio of services. Our investments for the longer term are progressing well, to facilitate enhanced deliveries and superior capabilities that we foresee in the coming years."

## Q1 FY2005 Results

### Performance Review

#### Revenue growth largely driven by Software Services business

Revenues from software services grew by 6.0%. Overall HCL Technologies revenues in the quarter grew by 6%.

USD Mn	Q3FY04	Q4FY04	Q1FY05
<b>Software Services business</b>	121.9	130.2	138.1
Δ QoQ	5.7%	6.9%	6.0%
<b>HCL Technologies revenues</b>	148.6	160.5	170.1
Δ QoQ	8.9%	8.0%	6.0%

#### Recent improvement in profitability metrics maintained

The company's EBITDA margin for the quarter stood at 23.2%. EBITDA margins have improved by 580 bps over the last 4 quarters.

	Q2FY04	Q3FY04	Q4FY04	Q1FY05
<b>EBITDA margin</b>	19.6%	20.0%	23.2%	23.2%

#### Record addition in human resources

Manpower addition continued to remain strong, with the recruitment of 4,037 employees during the quarter - a net addition of 2,116 people. This is a new record for quarterly addition. Of these 1,582 people were added in software services and 406 in BPO.

Nos	Q3FY04	Q4FY04	Q1FY05
<b>Manpower strength</b>	14,783	16,358	18,474
Net addition	1,718	1,575	2,116

#### Top client traction accelerates

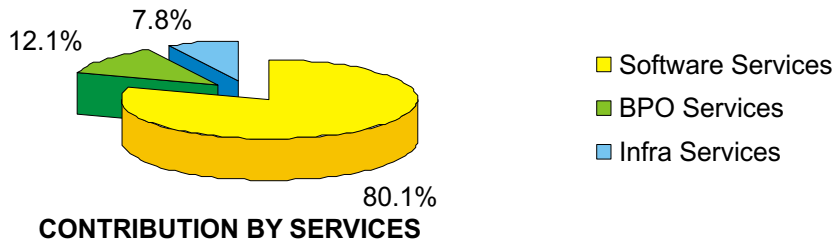
The current Top 5, Top 10 and Top 20 clients of the company have grown by 14.7%, 15.9% and 13.5% respectively on a sequential basis. Their contribution to revenues was as follows:

% Revenue	Q3FY04	Q4FY04	Q1FY05
<b>Top 5</b>	31.1	30.9	35.0
<b>Top 10</b>	41.9	40.8	47.2
<b>Top 20</b>	52.7	52.2	58.6

### 200% Interim dividend declared

The company has declared an interim dividend of 200% of the face value of each share for the quarter ended Sept 30, 2004. This is in line with the company's policy of considering quarterly dividends, subject to adequacy of profits and compliance with all applicable legal requirements.

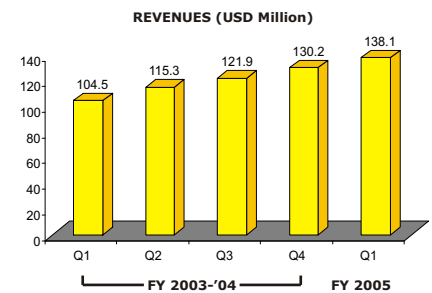
# Q1 FY2005 Update on Business Categories



## Software Services

Revenues from software services recorded a 6% sequential growth while EBITDA from the business increased by 6.5%. EBITDA margins expanded by 10 bps.

1,582 people (net) were added to this business during the quarter, taking the total headcount to 13,088. While 912 people were added to the organic software business, 670 people were added in the non-organic software entities.



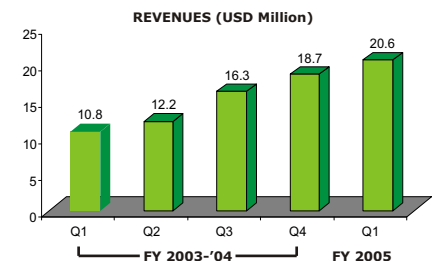
## BPO Services

HCL Technologies BPO recorded a strong QoQ growth of 10.3% in revenues. EBITDA for the business grew by 35.2%. EBITDA margins in BPO have significantly expanded by 440 bps to 23.6% sequentially. This margin was 0.1% in Q1FY'04.

This quarter saw the addition of 406 employees on the back of strong growth in business, taking the permanent headcount to 4,214.

During the quarter, the company has signed new contracts to deliver first tier technical helpdesk support to clients including a US-based wireless ISP, a US-based global software major and a US-based manufacturer of computer peripherals.

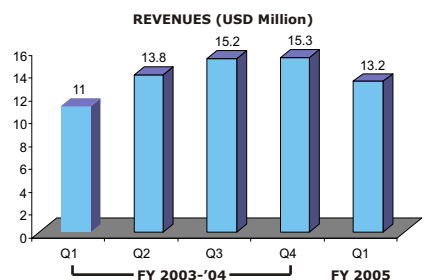
The company is setting up a new delivery center in Malaysia to cater to the requirements of South East Asia which will also serve as a Disaster Recovery Center.



## Infrastructure Services

The Infrastructure services business showed a strong YoY gross profit growth of 74.8%, on a revenue increase of 20%, on account of a changing business mix, focused increasingly towards the more profitable global business. The first quarter is usually the weakest quarter for the domestic business, resulting in a 14% sequential decline in revenues which has impacted the profitability of the business on a QoQ basis. Global remote infrastructure business trends however, continue to show traction and we continue to be dominant leaders in this business. This is also reinforced by the recent META Group rating, which has rated HCL Technologies Infrastructure Services as "excellent".

This business witnessed a net addition of 128 people during the quarter.



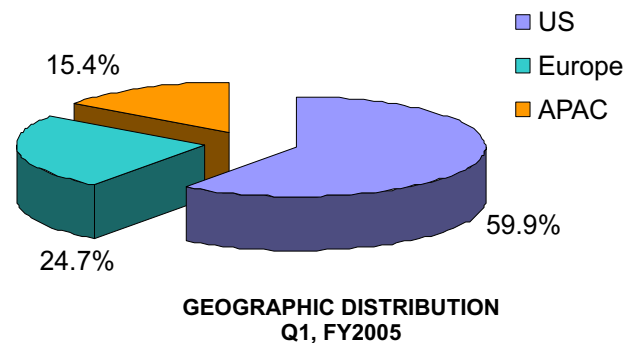
## Q1 FY2005 Update on Business Categories

### New Clients & Projects

During the quarter, HCL Technologies added 16 new clients, taking the total number of active clients to 477.

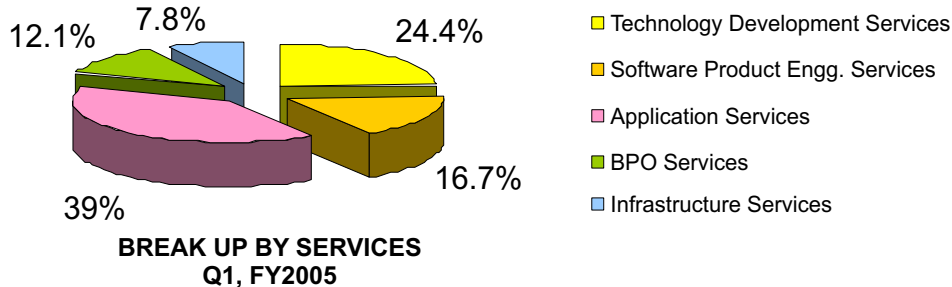
#### Some significant new engagements during Q1, FY2005, include:

- OMX Technology and HCL Technologies have signed a five-year strategic partnership agreement involving the outsourcing of certain OMX systems development and maintenance. OMX Technology is a world leading provider of transaction technology, processing and outsourcing solutions for the financial and energy markets and the largest commercial providers of marketplace systems to the world's major exchanges. OMX Technology is a division of OMX, a company that also owns and operates exchanges, clearing organizations and central securities depositories, and has operations in 11 countries.
- HCL Technologies is involved in the management of devices in Storage Area Networks for a client who provides efficient storage utilization through integrated discovery, visualization, reporting, and management of storage resources.
- We are working with the leader in the modular, high-performance disk storage systems industry to build quick data recovery solutions for databases and enterprise applications. These applications will work with the client's storage systems to enhance value for the end customer.
- For a leading semiconductor wafer foundry that provides advanced foundry standard CMOS logic, high-voltage and mixed-signal/RF technologies, HCL Technologies is involved in the Computer-integrated Manufacturing as well as MES shop floor upgradation.
- HCL Technologies is involved in the maintenance of the Element Management System for a leading provider of broadband access solutions for the global telecommunications industry.
- We have developed an Integrated Project Management Tool called Sapphire which allows project planning, tracking and controlling with complete quality assurance planning and defect management. It interfaces with industry leading products like MS Project, PVCS Version Manager, VSS, PVCS Tracker.
- HCL Technologies has started working with a leading provider of software and systems that enable multimedia value-added services in wireless and wire line networks across the world.
- HCL Technologies has been chosen as a vendor by the world's most comprehensive manufacturer of health care products for the consumer, pharmaceutical and medical devices and diagnostics markets. We are involved in projects related to the upgradation of the client's platforms created to deliver e-Business solutions.
- We are working with a world leader engaged in research and development of health products. The core businesses of the company include pharmaceuticals, consumer health, genetics, eye-care and animal health. The company is in the process of SAP implementation and rollout at various locations worldwide. The ABAP/4 rollout in Japan was outsourced to HCL Technologies to leverage our capabilities in offshore development and substantially lower costs.



## Q1 FY2005 Update on Business Categories

- HCL Technologies has undertaken various new initiatives in the Life-Sciences Vertical which include:
  - ◆ Joint Development, with Tokushima University of a 3D drug modeling tool called 3D QSAR
  - ◆ An MOU with IIT Delhi in the area of Computational Biology. This would involve joint development of software, working on joint projects and knowledge transfer.
  - ◆ Participation in the National Brainstorming meeting to decide on the Bioinformatics Policy of India. This meeting was attended by eminent scientists as well as representatives from industry and government.
- We are working on the independent verification of the Cabin Pressure Control System software for a client who produces the world's most advanced cabin pressure control systems for the regional and commercial transport aircraft industries.



## Quality Certifications

- HCL Technologies BPO Services was awarded the prestigious Customer Operations Performance Centre (COPC) Certification. COPC is considered the most coveted certification in the CSP (Customer Service Provider) industry around the globe. HCL Technologies BPO is the fifth Indian company and amongst less than thirty companies worldwide, to have obtained this certification. The company obtained this certification for almost the complete range of BPO services (a total of 21 processes) offered.
- HCL Technologies BPO's Chennai based delivery centre was awarded the BS7799 certification, by the British Standards Institute (BSI), This certification is the most widely recognized security standard in the world and not only endorses the processes that the HCL Technologies BPO centre has in place to safeguard the security of data, but also covers processes related to business continuity and disaster recovery.
- HCL Technologies' Insurance Solutions Delivery Center (ISDC) in Chennai was also recommended for certification under BS7799 this quarter. KPMG recommended the certification after conducting an exhaustive audit at the Centre.
- HCL Technologies was conferred the prestigious "Excellence in Education Award" for 2004 by the Life Office Management Association (LOMA). LOMA is an international association through which over 1,250 insurance and financial services companies from over 70 countries, engage in research and educational activities to improve insurance company operations. The "Excellence in Education Award" has been given to only 64 of 1,250 LOMA member companies worldwide.

## Technology Alliances

HCL Technologies became a corporate member of the Smalltalk Industry Council (STIC). STIC is a cohesive Smalltalk community where information, technical issues, new ideas and concerns are openly discussed to benefit the industry. STIC members are users and vendors of Smalltalk tools, components, databases and services. Smalltalk is a pure object oriented language enabling platform-independent solutions. It pioneered object-oriented concepts.



### Unique Developments

- HCL Technologies Japan has been bestowed a unique honour by the Japan Information Culturology Society (JICS) . The company was awarded the 'International Award' in recognition of its efforts to bring Indian and Japanese industry closer. The award also acknowledges HCL Technologies' excellent work in the field of Information Technology in Japan. HCL Technologies is the first Indian company to receive this award.
- HCL Technologies has been ranked as a market leader in META Group's recently issued METASpectrumSM report for Offshore Outsourcing. The META Group is a leading provider of information technology (IT) research, advisory services and strategic consulting.

HCL Technologies has been positioned in the leader segment of the METASpectrum analysis and recognized for its strength in vision and strategy (messaging & positioning, global resources, portfolio optimization, vertical messages), technology partnerships, positive brand value, business drivers (value-management, value added services), industry focus and vertical depth, breadth and depth of services (development/ maintenance, package applications, business consulting, monitoring/management, call center and BPO operations), portfolio assessment, execution (process maturity, quality methodology, customer focus and customer referencability), agility (responsiveness and customization), training and turnover of personnel and perceived stability of financials.

- HCL Technologies BPO was sanctioned a grant of £920,000 by Invest Northern Ireland (Invest NI), for the Belfast operations. The company is planning to expand its services in Belfast to leverage emerging opportunities in European markets, especially Britain and has announced the creation of 250 additional jobs at its call center in Belfast. The proposed expansion plan entails an investment of £1.9 million by the company and is being further backed by public funds through Invest NI. This initiative will go a long way towards consolidating Belfast as HCL Technologies BPO's key European base.

This investment is especially significant as it marks HCL Technologies BPO's commendable initiative in creating new job opportunities in its country of operation, thus reversing the offshoring trend that has seen call-centre jobs exported to India.

- During the quarter, HCL Technologies demonstrated its Interface A capabilities to International SEMATECH Manufacturing Initiative (ISMI), the global consortium of leading semiconductor manufacturers dedicated to improving manufacturing productivity. During this live demonstration, HCL Technologies, in partnership with a major semiconductor equipment supplier, showed that HCL Technologies' Interface A offering, HCLT iDA, is on track to meet SEMI Equipment Data Acquisition (EDA) standards and provide the industry with a critical e-Manufacturing solution.
- In its sustained efforts to become a premier provider of services and solutions to the Life Sciences industry, HCL Technologies introduced 'CrosSView', a framework based Computer Systems Validation (CSV) methodology for the development of robust software applications in the Life Sciences arena, this quarter. US Pharmaceutical and Medical Devices companies can now enjoy the benefits of validated software development, as per the FDA's stringent requirements.

CrosSView is a template-driven end-to-end methodology that is predictable, repeatable and verifiable, ensuring that the software applications developed using this framework, consistently meet and exceed the demanding and exacting standards set for Life Science applications. It is designed for use in both prospective and retrospective validation efforts for bespoke and commercial off the shelf systems.



## Q1 FY2005 Other Initiatives

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### Human Resource Initiatives

HCL Technologies registered strong manpower growth during the quarter. The company added 4,037 people (on a gross basis). The net employee addition during the quarter stood at 2,116 of which 1,582 were added in the software services business and 406 in the BPO business.

The total manpower strength of the company (including subsidiaries) at the end of the quarter stood at 18,474, up from 16,358 at the end of the previous quarter. The current annualized attrition rate (for employees who have spent more than a year with the company) is 13.1%.

### Infrastructure

During the current quarter, the company spent USD 12.5 mn on capital expenditure. The total seat capacity (for organic software business) at the end of the quarter stood at 9,563.



# Q1 FY2005 Results

## KEY OPERATIONAL METRICS

<b>ORGANIC SOFTWARE</b>	
<b>REVENUE BREAKUP</b>	(\$'000)
Offshore Centric	71,765
Onsite	34,553
<b>BILLING RATES METRICS</b>	
<b>Efforts billed (manmonths)</b>	
Offshore Centric	16,290
Onsite	3,543
Subcontracted Efforts	188
<b>Capacity Utilisation (%)</b>	
Offshore Centric	73.6%
Onsite	93.4%
<b>Bill Rates (\$'000/Manmonth)</b>	
Offshore Centric	4.41
Onsite	9.75
<b>CONSOLIDATED</b>	
<b>REVENUE BREAK UP (%)</b>	
<b>Location</b>	
Offshore Centric	80
Onsite	20
<b>Geography</b>	
US	59.9
Europe	24.7
Asia Pacific	15.4
<b>Service Offerings</b>	
Technology Development Services	24.4
Software Product Engg Services	16.7
Applications Services	39.0
Infrastructure Services	7.8
BPO Services	12.1
<b>Repeat Business (%)</b>	<b>96%</b>
<b>CLIENT CONCENTRATION</b>	
No. of 1 Million \$ Clients	110
5 Million \$ Clients	20
10 Million \$ Clients	10
20 Million \$ Clients	5
No. of Fortune 500 clients	65
<b>% Contribution from:</b>	
Top 5 clients	35.0
Top 10 clients	47.2
Top 20 clients	58.6

## MANPOWER DETAILS

<b>CONSOLIDATED</b>	<b>As on</b>	
	<b>Sept 30 '04</b>	<b>June 30 '04</b>
<b>TOTAL</b>	<b>18,474</b>	<b>16,358</b>
<b>Software Services</b>	<b>13,088</b>	<b>11,506</b>
<b>Organic</b>	<b>9,969</b>	<b>9,057</b>
<b>Technical</b>	<b>9,013</b>	<b>8,137</b>
Offshore	7,793	6,962
Onsite	1,220	1,175
<b>Support</b>	<b>956</b>	<b>920</b>
Sales and Marketing	118	120
Others	838	800
Offshore	748	711
Onsite	208	209
<b>Non-organic</b>	<b>3,119</b>	<b>2,449</b>
<b>Technical</b>	<b>2,889</b>	<b>2,246</b>
<b>Support</b>	<b>230</b>	<b>203</b>
<b>Infrastructure services</b>	<b>1,172</b>	<b>1,044</b>
<b>Organic</b>	<b>1,172</b>	<b>1,044</b>
Technical	716	613
Support	456	431
<b>BPO</b>	<b>4,214</b>	<b>3,808</b>
<b>Organic</b>	<b>3,920</b>	<b>3,446</b>
<b>Non-organic</b>	<b>294</b>	<b>362</b>
<b>Annualised Attrition (&gt;1 yr)</b>	<b>13.10%</b>	<b>14.10%</b>

## Financials

(First Quarter Results Analysis based on the unaudited US GAAP financial results for Q1FY 2004-05)

### Consolidated Income Statement (as per US GAAP)

in USD mn.

	Quarterly details			Growth	
	Q1FY'04	Q4FY'04	Q1FY'05	QoQ	YoY
<b>Gross Revenues</b>	<b>122.26</b>	<b>160.48</b>	<b>170.05</b>	<b>6%</b>	<b>39%</b>
Direct Costs	79.22	100.18	107.36		
<b>Gross Profits</b>	<b>43.04</b>	<b>60.30</b>	<b>62.69</b>	<b>4%</b>	<b>46%</b>
SG & A	21.71	23.11	23.27		
<b>EBIDTA</b>	<b>21.33</b>	<b>37.19</b>	<b>39.42</b>	<b>6%</b>	<b>85%</b>
Depreciation & Amortisation	5.81	7.26	6.87		
<b>EBIT</b>	<b>15.52</b>	<b>29.93</b>	<b>32.55</b>	<b>9%</b>	<b>110%</b>
Other Income, net	10.76	24.36	12.45		
<b>EBT</b>	<b>26.28</b>	<b>54.29</b>	<b>45.00</b>	<b>- 17%</b>	<b>71%</b>
Provision for Tax	3.49	0.76	4.57		
<b>EAT</b>	<b>22.79</b>	<b>53.53</b>	<b>40.42</b>	<b>- 24%</b>	<b>77%</b>
Share from equity investments	1.58	(4.92)	(1.01)		
Share of (income) / loss of minority shareholders	(3.54)	(3.15)	(4.20)		
<b>Net Income</b>	<b>20.83</b>	<b>45.46</b>	<b>35.22</b>	<b>- 23%</b>	<b>69%</b>
Stock based sales incentive (Non Cash)	(0.21)	(0.09)	(0.06)		
<b>Net Income (after sales incentive)</b>	<b>20.62</b>	<b>45.37</b>	<b>35.16</b>	<b>- 23%</b>	<b>70%</b>

## Key Ratios

	Quarterly details		
	Q1FY'04	Q4FY'04	Q1FY'05
Gross Margin	35.2%	37.6%	36.9%
Opex/Gross revenue	17.8%	14.4%	13.7%
EBIDTA Margin	17.4%	23.2%	23.2%
Net income/Gross revenue	16.9%	28.3%	20.7%

Note: Other income includes transaction gains/ (loss) due to exchange rate movements.

**Consolidated Balance Sheet (as per US GAAP)**

in USD mn.

	As On		
	Sept 30'03	June 30 '04	Sept 30'04
<b>ASSETS</b>			
a. Cash and cash equivalents	27,498	49,020	31,589
b. Accounts receivable, net	84,605	107,086	126,016
c. Treasury Investments	342,931	419,637	441,301
d. Other current assets	56,782	50,851	63,704
<b>A. Total current assets (a+b+c+d)</b>	<b>511,816</b>	<b>626,594</b>	<b>662,611</b>
B. Property and equipment, net	68,092	102,869	108,506
C. Intangible assets, net	46,959	59,858	59,950
D. Investments in Venture Funds / Equity investees	57,330	22,506	22,649
E. Other Assets	8,775	12,788	10,025
<b>Total assets (A+B+C+D+E)</b>	<b>692,972</b>	<b>824,615</b>	<b>863,740</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
e. Total current liabilities	101,777	124,892	124,661
f. Long -term debt	30,000	30,000	30,000
g. Other liabilities	3,845	4,277	2,567
<b>E. Total liabilities (e+f+g)</b>	<b>135,621</b>	<b>159,168</b>	<b>157,227</b>
F. Minority Interest	16,719	24,688	28,528
G. Total Stockholders equity	<b>540,632</b>	<b>640,759</b>	<b>677,985</b>
<b>Total liabilities and stockholders equity (E+F+G)</b>	<b>692,972</b>	<b>824,615</b>	<b>863,740</b>

Note: Unrealized gains on Treasury Investments as of September 30, 2004 stood at \$ 0.5 mn.

## Q1 FY2005 Results

### Revenue breakup between various business categories

in USD mn.

	Software Services					BPO Services				
	Q1FY'04	Q4FY'04	Q1FY'05	QoQ	YoY	Q1FY'04	Q4FY'04	Q1FY'05	QoQ	YoY
<b>Gross Revenue</b>	<b>104.5</b>	<b>130.23</b>	<b>138.07</b>	<b>6%</b>	<b>32%</b>	<b>10.7</b>	<b>18.69</b>	<b>20.61</b>	<b>10%</b>	<b>91%</b>
Direct Costs	65.8	81.38	87.09			9.1	12.68	13.48		
<b>Gross Profits</b>	<b>38.8</b>	<b>48.85</b>	<b>50.98</b>	<b>4%</b>	<b>31%</b>	<b>1.6</b>	<b>6.01</b>	<b>7.13</b>	<b>19%</b>	<b>335%</b>
SG & A	17.8	17.71	17.80			1.6	2.42	2.28		
<b>EBIDTA</b>	<b>22.1</b>	<b>31.14</b>	<b>33.17</b>	<b>7%</b>	<b>50%</b>	<b>0.2</b>	<b>3.59</b>	<b>4.86</b>	<b>35%</b>	<b>2160%</b>
Depreciation & Amortisation	3.8	4.31	4.35			1.4	1.93	1.90		
<b>EBIT</b>	<b>18.3</b>	<b>26.83</b>	<b>28.82</b>	<b>7%</b>	<b>57%</b>	<b>(1.2)</b>	<b>1.66</b>	<b>2.95</b>	<b>78%</b>	
Interest & Other Income, net	9.5	25.48	12.94			(0.1)	(0.90)	(0.30)		
<b>EBT</b>	<b>27.8</b>	<b>52.31</b>	<b>41.76</b>	<b>-20%</b>	<b>50%</b>	<b>(1.3)</b>	<b>0.76</b>	<b>2.66</b>	<b>251%</b>	
Provision for Tax	3.5	2.41	3.98			(0.1)	(1.29)	0.81		
<b>EAT</b>	<b>24.3</b>	<b>49.90</b>	<b>37.78</b>	<b>-24%</b>	<b>56%</b>	<b>(1.2)</b>	<b>2.05</b>	<b>1.84</b>	<b>-10%</b>	

	Infrastructure Services					Inter Co Adjustment		
	Q1FY'04	Q4FY'04	Q1FY'05	QoQ	YoY	Q1FY'04	Q4FY'04	Q1FY'05
<b>Gross Revenues</b>	<b>11.0</b>	<b>15.30</b>	<b>13.17</b>	<b>-14%</b>	<b>20%</b>	<b>(4.1)</b>	<b>(3.7)</b>	<b>(1.8)</b>
Direct Costs	8.4	9.86	8.58			(4.1)	(3.7)	(1.8)
<b>Gross Profits</b>	<b>2.6</b>	<b>5.44</b>	<b>4.58</b>	<b>-16%</b>	<b>75%</b>			
SG & A	2.3	2.98	3.19					
<b>EBIDTA</b>	<b>0.3</b>	<b>2.46</b>	<b>1.40</b>	<b>-43%</b>	<b>306%</b>			
Depreciation & Amortisation	0.6	1.01	0.62					
<b>EBIT</b>	<b>(0.3)</b>	<b>1.45</b>	<b>0.78</b>	<b>-46%</b>				
Interest & Other Income, net	0.1	(0.22)	(0.20)					
<b>EBT</b>	<b>(0.3)</b>	<b>1.23</b>	<b>0.58</b>	<b>-53%</b>				
Provision for Tax	0.0	(0.35)	(0.22)					
<b>EAT</b>	<b>(0.3)</b>	<b>1.58</b>	<b>0.80</b>	<b>-50%</b>				

### Key ratios

	Software Services			BPO Services			Infrastructure Services		
	Q1FY'04	Q4FY'04	Q1FY'05	Q1FY'04	Q4FY'04	Q1FY'05	Q1FY'04	Q4FY'04	Q1FY'05
Gross Margin	37.1%	37.5%	36.9%	15.2%	32.2%	34.6%	23.8%	35.5%	34.8%
Opex/Gross revenue	17.0%	13.6%	12.9%	15.2%	13.0%	11.1%	20.7%	19.5%	24.2%
EBIDTA Margin	21.1%	23.9%	24.0%	2.0%	19.2%	23.6%	3.1%	16.1%	10.6%
Net income/Gross revenue	23.2%	38.3%	27.4%	-11.3%	11.0%	8.9%	-2.5%	10.3%	6.1%

Note: HCL Technologies NI Ltd was sanctioned a grant of £0.920 mn by Invest Northern Ireland (a government agency for promotion of investments in that region) for its Belfast BPO operations. A portion of this grant amounting to £0.3mn (\$0.54 mn.) has been credited to Cost of Sales during the quarter ended September 30, 2004. Consequently the direct costs for the BPO operations for the quarter ended September 30, 2004 are lower by \$0.54 mn.

## About HCL Technologies

HCL Technologies is one of India's leading global IT services and product engineering companies, providing value-added, software-led IT solutions and services to large and medium-scale organisations. Founded in 1991, HCL Technologies focuses on technology as well as R&D outsourcing, with the objective of working with clients in areas at the core of their business. HCL Technologies delivers these services through an extensive offshore software development infrastructure and a vast global marketing network that enables scalable, flexible and cost-effective delivery. The company's well defined business strategy has enabled it to build domain expertise across a host of chosen verticals including among others banking, insurance, life sciences, aerospace, automobiles, telecom, semi-conductors and retail. As of 30 September 2004, HCL Technologies Limited, along with its subsidiaries, had 18,474 employees. The HCL Technologies team today has operations spanning 26 locations in 15 countries covering over 80% of the world IT market. Together with its knowledge of embedded systems, core technologies and application development expertise, HCL Technologies is positioned, as a composite solutions provider equipped to cater to the entire gamut of IT needs. For more information, visit HCL Technologies at [www.hcltech.com](http://www.hcltech.com)

## Forward Looking Statements

Certain statements in this release are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies/entities in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

For any further details / clarifications please contact:

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